

Item 1 – Cover Page

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**January 13, 2012**

**This brochure provides information about the qualifications and business practices of Wela Strategies, LLC. If you have any questions about the contents of this Brochure, please contact us at (404) 531-0018 and/or [Holly@YourWealth.com](mailto:Holly@YourWealth.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Wela Strategies, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Any references to Wela Strategies, LLC as a registered investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training.**

**Item 12 – Material Changes**

Revised January 13, 2012

Item 4 – amended assets under management as follows:

	Previous	Updated
Discretionary Assets	\$16,885,000	\$23,400,000

Revised Item 12 January 13, 2012

Revised to include TD Ameritrade Institutional.

**Item 14 – Material Changes**

Revised Item 14 January 13, 2012

Revised to include TD Ameritrade Institutional.

**Item 2 - Material Changes**

Revised Item 4 May 18, 2011

Wela Strategies, LLC (hereinafter referred to as “Wela”) was created in 2008. *All owners of Wela own less than 25%. The owners of Wela are as follows: Michael J. Reiner Revocable Trust (Michael Reiner, trustee) and Birch Opportunity Group, LLC (cope series entity for Howard Alpern) each entity with 16.85% ownership; Wesley Moss, Mitchell Reiner, Matthew Reiner each with 15.73% ownership; Thomas Moore and Bryan Rea each with 6.74% ownership; and Curt Klein with 5.62% of ownership. Wela is owned by eight individuals all of who have less than a 25% ownership interest in Wela.*

Item 8 added security risks.

Security Type Risks:

*ETFs trade on an auctionable market. Therefore, there is more price fluctuation with ETFs than with mutual funds since ETFs trade throughout the day, whereas mutual funds are priced once a day. Also, since most ETFs only mirror a market index, such as the S&P 500, they won't outperform the index.*

Item 10

Changed name of Capital Benefits Administration, Inc. to Capital Administration, LLC.

Roswell Holdings, LLC, *Roswell Holdings Mortgage, LLC, and Roswell Commercial Mortgage, LLC (together referred to as “Roswell Holdings”)*, Georgia limited liability companies owned by Michael J. Reiner trustee of the Michael J. Reiner Revocable Trust and SW 9<sup>th</sup> Street Group, LLC (owned by Howard P. Alpern and Amy Alpern).

Wela Strategies, LLC

~~Clients are advised there is a conflict of interest between Wela, Mr. Reiner and Mr. Alpern and Roswell Holdings in that clients investing in Roswell Holdings may result in Mr. Reiner and Mr. Alpern earning multiple forms of compensation. If Wela causes or recommends a client invest in Roswell Holdings the units of Roswell Holdings held by the client will be excluded from being charged an advisory fee by Wela.~~

At least annually, this section will discuss only specific material changes that are made to the Brochure and provide you with a summary of such changes. Additionally, reference to the date of the last annual update to this Brochure will be provided.

The material changes discussed above are only those changes that have been made to this brochure since the firm's last annual update of the brochure. The date of the last annual update of the brochure was February 28, 2011.

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#### Item 4 - Advisory Business

Wela Strategies, LLC (hereinafter referred to as “Wela”) was created in 2008. All owners of Wela own less than 25%. The owners of Wela are as follows: Michael J. Reiner Revocable Trust (Michael Reiner, trustee) and Birch Opportunity Group, LLC (co-venture entity for Howard Alpern) each entity with 16.85% ownership; Wesley Moss, Mitchell Reiner, Matthew Reiner each with 15.73% ownership; Thomas Moore and Bryan Rea each with 6.74% ownership; and Curt Klein with 5.62% of ownership.

Wela provides asset management services based on model portfolios Wela has designed. As of December 31, 2011, Wela has \$23,400,000 of discretionary assets under management and no non-discretionary assets under management.

Wela’s management services are designed for portfolios with less than \$500,000.

A relationship with Wela is initiated in one of three ways:

- *Direct Relationship.* A meeting between you and a Wela Advisory Representative. The introduction to Wela may have come through another financial/investment adviser recommending you to Wela or through general marketing and advertising. We define this relationship as a “Direct” relationship. The first meeting is a fact finding meeting and a chance for you and Wela to determine whether Wela’s services may be suitable for you. Wela will ask you a series of fact finding questions and complete a data gathering form. The information gathered by Wela will assist Wela to provide you with the requested services and customize the services to your financial situation. You will be asked probing questions about your financial history, goal, objectives and concerns. Additionally, you may be asked about your retirement goals, cash flow needs, standard of living, special needs such as education or elder care, etc.

Wela will meet directly with you and work with you to help identify your risk tolerance, return expectations, financial goals, investment objectives, risk profile, and investment time horizon. Based on Wela’s analysis of your situation, Wela will present a recommended model portfolio to you. Wela tailors the advisory services it offers to your individual needs based on Wela’s designed model portfolios.

- *Separately Managed Account” (SMA) Relationship.* Your financial/investment adviser recommends you invest all or a portion of your funds in the Wela models. You continue to maintain your financial/investment adviser. In this type of relationship, Wela is the investment “Manager.” It is your financial/investment adviser role to determine suitable investments for you. It is our job as the Manager to manage the funds as instructed by you and your financial/investment adviser. Wela will not have a direct relationship with you. However, you may contact Wela at any time. Wela will provide your financial/investment adviser with a questionnaire to assist your financial/investment adviser to determine a Wela model portfolio most suitable based on your investment objectives, financial profile and risk tolerance.

- In addition to serving as a Manager through the SMA relationship, there are situations where we serve as a Manager to a participant in a qualified retirement plan such as a 401K. Qualified plans may elect to include Wela models as options among the investment selections available in the plan

Regardless of the type of relationship you have with Wela, you will have access to a Wela Advisory Representative at any time and may request a meeting at any time to discuss your portfolio or changes to your financial situation. If you have certain investment restrictions or limitations that do not fit into our model portfolios, Wela's services will not be suitable to you. Wela's services are designed around managing the models and applying a model portfolio to your assets. Therefore, your account will be managed the same as another client.

Wela's managed model portfolios are based on a mix of growth assets and income producing assets. Wela's models are referred to or described as "Own Your Age" ("OYA") model portfolios. All of the models except for one are comprised completely of exchange traded funds (ETFs). Advice will be limited to the holdings in Wela's model portfolios.

Models are designed around owning your age in "income" investments. However, if you have a financial situation or risk tolerance that indicates an age based allocation is not suitable, Wela will suggest another model portfolio more suitable to your needs.

Wela has three models designed for accounts less than \$50,000. Accounts \$50,000 or less will be invested in a limited number of exchange traded funds ("ETFs"). The three models attempt to conduct fewer transactions and strive to reduce the costs for smaller investable dollar figures. The models mirror Wela's model account allocations for accounts over \$50,000 for an 80/20, 50/50 and 20/80 mix of equity and fixed income.

Wela offers the following models for accounts over \$50,000:

- OYA 20 = 80/20 equity to fixed income mix
- OYA 30 = 70/30 equity to fixed income mix
- OYA 40 = 60/40 equity to fixed income mix
- OYA 50 = 50/50 equity to fixed income mix
- OYA 60 = 40/60 equity to fixed income mix
- OYA 70 = 30/70 equity to fixed income mix
- OYA 80 = 20/80 equity to fixed income mix
- All Growth Portfolio = 100% equity portfolio
- Aggressive Income Portfolio = comprised of a combination of ETFs and closed-end funds.

Wela will manage your portfolio on a discretionary basis. Therefore, Wela will make changes to the allocation and holdings as deemed appropriate by Wela. Wela will determine the securities to be purchased and sold in your account and will alter the securities holdings from time to time, without prior consultation with you.

## Wela Strategies, LLC

You are advised transactions in the account, account reallocations and rebalancing may trigger a taxable event, with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts.

Wela will monitor the models and your account. If an asset allocation deviates by more than 20% in any direction (positively or negatively) Wela will reallocate the account back to the original allocation twice a year. Re-balancing and re-allocation will occur two times of year and typically will be around February 25 and August 25 of each year. Adjustments to the model accounts will be applied to client accounts without consideration to the taxable consequences to any client.

If you establish your account within 35 days of February 25 or August 25, your account will generally not be allocated to a model portfolio until February 25 or August 25, whichever date is closer. The purpose of waiting is in an effort to not cause you to incur additional transactions as a result of adjustments to the allocation of the model and to attempt to minimize the short term gain impact trading in a short period time could cause.

Portfolios will generally maintain a minimum of 5% cash for withdrawals and payment of Wela's advisory fee. Deposits in amounts exceeding \$10,000 will be allocated in accordance with the model portfolio generally within 10 days. However, Wela may review the model and elect to wait for the re-balancing date of February 1 or August 1 for another date as Wela deems appropriate. Deposits of \$10,000 or less will remain in a cash position until the next allocation or rebalancing date. However, clients can contact their Advisory Representative and request immediate allocation of deposits of \$10,000 or less.

You are advised the investment recommendations and advice offered by Wela are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. You are advised that it is necessary to inform Wela promptly with respect to any changes in your financial situation and investment goals and objectives. Failure to notify Wela of any such changes could result in investment recommendations not meeting your needs.

### **Item 5 - Fees and Compensation**

Fees are not negotiable. Fees are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds.

Wela charges management fees in arrears at the end of each calendar quarter (i.e. March, June, September, and December). Your management fee is calculated based on market value of your managed portfolio at the close of the last business day of each calendar quarter. Fees are rounded to the nearest dollar. In the event your account is established on a day other than the first day of a calendar quarter or closed on a day other than the last day of a calendar quarter, your fees will be prorated for the quarter. In the event the account is closed, you will be charged a prorated portion of advisory fee for the period up to the date of termination.

## Wela Strategies, LLC

No fee adjustments will be issued for additional deposits to the account or partial withdrawals from the account occurring during a calendar quarter. No fee adjustments will be made for Account appreciation or depreciation.

Account Size	Direct Relationship Annual Fee	SMA Relationship Annual Fee*
\$0 to \$250,000	1.00%	0.50%
\$250,000 to \$500,000	0.90%	0.45%
\$500,000 to \$1,000,000	0.75%	0.40%
\$1,000,000 to \$5,000,000	0.65%	0.35%
\$5,000,000 to \$10,000,000	0.50%	0.30%
\$10,000,000 and above	Negotiable	0.20%

**\*It is important to note the fee listed under SMA Relationship Annual Fee is Wela's fee. Your financial/investment adviser may charge you a fee for advisory services. Wela does not participate in the fee charged to you by your financial/investment adviser.**

Wela aggregates or households all of your managed accounts together to determine your quarterly fee. Aggregation of accounts includes those accounts under management with Capital Investment Advisors, LLC, an affiliate of Wela. For example, if you have four managed accounts with a value as of the just completed calendar quarter of: \$601,569.40, \$555,498.46, \$675,879.50, and \$374,301.12 with a total value of \$2,207,248.48, you will not pay a fee on the managed accounts under Wela greater than 0.65%.

Wela uses the following calculation to determine the quarterly management fee:

$$\text{Quarter end market value} \times (\text{annual fee \%} / 4) = \text{quarterly fee rounded to the nearest dollar}$$

Wela may change the above fee schedule upon 30-days prior written notice to you.

In addition to the advisory fees above, you will pay transaction fees for securities transactions executed in your account in accordance with the custodian's transaction fee schedule. Additionally, you may pay fees for custodial services, third party adviser fees, administration fees, account maintenance fees, transaction fees, and other fees associated with maintaining the Account. Such fees are not charged by Wela and are charged by the product, broker/dealer or account custodian. Wela does not share in any portion of such fees. Additionally, you may pay your proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund adviser's fee of any mutual fund they purchase. Such advisory fees are not shared with Wela and are compensation to the fund-manager and respective service provider. You should read the mutual fund prospectus prior to investing.

Advisory fees will generally be collected directly from your account, provided you have given Wela written authorization. You will be provided with an account statement from the custodian reflecting the deduction of the advisory fee. If the Account does not contain sufficient funds to pay advisory fees, Wela has limited authority to sell or redeem securities in sufficient amounts to pay advisory



fees. You may reimburse the account for advisory fees paid to Wela, except for ERISA and IRA accounts.

#### Termination Provisions

You may terminate investment advisory services obtained from Wela, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with Wela. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the Account such as transaction fees for any securities transactions executed and Account maintenance or custodial fees. Thereafter, you may terminate investment advisory services upon delivery of your written notice to terminate to Wela. Should you terminate investment advisory services during a calendar quarter, you will be charged a pro-rated advisory fee up to the date of termination.

#### **Item 6 - Performance-Based Fees and Side-By-Side Management**

This section is not applicable to Wela since Wela does not charge performance based fees.

#### **Item 7 - Types of Clients**

Wela's services are geared toward individuals who are considered not high net worth (i.e. clients with a net worth less than \$1,500,000). As stated above, Wela's services are designed for managed portfolios of less than \$500,000, but may be suitable for higher-value accounts.

#### **Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss**

Wela's management strategy involves allocating clients' portfolios into "growth" and "income" investments. The amount of the portfolio committed to each investment class is determined based on the model invested within. The model chosen should take in to account age, risk tolerance, return expectations, etc.

As stated above, Wela's managed portfolios are comprised of exchange traded funds (ETFs), with the exception of one model portfolio. The risks with ETFs are availability of a market, prices are in constant fluctuation since the shares are purchased on an auctionable market and as compared to other securities, ETFs are relatively new. Therefore, historical information is limited.

Wela uses fundamental analysis to analyze securities. Fundamental analysis generally involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products and services, earnings, and financial structure. Wela uses both proprietary and third party research to evaluate securities and develop an asset allocation.

#### Security Type Risks:

ETFs trade on an auctionable market. Therefore, there is more price fluctuation with ETFs than with mutual funds since ETFs trade throughout the day, whereas mutual funds are priced once a day.

Also, since most ETFs only mirror a market index, such as the S&P 500, they won't outperform the index.

Pricing may be different across different custodians as they might secure different prices for the securities. Wela might employ methods such as Volume Weighted Average Pricing (VWAP), limit orders, or direct market maker transactions to attempt to secure the best and equal price for Wela clients.

Wela does not represent, warrant or imply that the services or methods of analysis used by Wela can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by Wela will provide a better return than other investment strategies.

You are advised investing in securities involves risk of loss, including the potential loss of principal. Therefore, your participation in any of the management programs offered by Wela will require you to be prepared to bear the risk of loss and fluctuating performance.

#### **Item 9 - Disciplinary Information**

There is no reportable disciplinary information required for Wela or its management persons that is material to your evaluation of Wela, its business or its management persons.

#### **Item 10 - Other Financial Industry Activities and Affiliations**

The principal owners and members of Wela are registered under another investment adviser, Capital Investment Advisors, LLC, an investment adviser registered with the Securities and Exchange Commission. Additionally, the principal owners and members of Wela may also be owners of Capital Investment Advisors, LLC. Capital Investment Advisors, LLC offers asset management services that involve a higher level of customized management services that are specifically designed around the individual needs of the client. Additionally, clients will receive more one on one advisory service. The fees for asset management and advisory services offered through Capital Investment Advisors, LLC will be higher than the fees for management services through Adviser. Capital Investment Advisors, LLC and Wela are under common ownership.

Wela will utilize the investment committee formed under Capital Investment Advisors, LLC. Additionally, Capital Investment Advisors, LLC will provide administrative services, operational services and compliance oversight over and to Wela. As a result, Wela will pay Capital Investment Advisors, LLC for its services.

Capital Administration, LLC (formerly Capital Benefits Administration, Inc.) a Third Party Administrator firm owned by Michael J. Reiner trustee of the Michael J. Reiner Revocable Trust and Birch Opportunity Group, LLC (owned by Howard P Alpern). You may use this service and, if so,

you may pay a fee for the services. Such fees may be in addition to any fees paid to CIA for advisory services. You are under no obligation to utilize the services of Capital Administration, LLC.

Roswell Holdings, LLC, Roswell Holdings Mortgage, LLC, and Roswell Commercial Mortgage, LLC (together referred to as “Roswell Holdings”), Georgia limited liability companies owned by Michael J. Reiner trustee of the Michael J. Reiner Revocable Trust and SW 9<sup>th</sup> Street Group, LLC (owned by Howard P. Alpern and Amy Alpern). Since November 1, 2002 Roswell Holdings, ~~LLC~~ has been in the business of making loans secured by real estate. Roswell Holdings obtains funding for specific loans by borrowing the principal amount from one or more lenders (“Sub-Lenders”), secured by a collateral assignment of the mortgage (the “Funding Loans”). Roswell Holdings receives compensation in connection with these loans in the form of origination fees, servicing fees and, in some cases, the differential between the interest in the underlying mortgage loan and the interest it pays to Sub-Lenders. Prior to accepting funds from a prospective Sub-Lender, Roswell Holdings discloses to the prospective Sub-Lender the terms of the mortgage loan and the Sub-Loan, information about the borrower, and other information material to the decision. The Funding Loans may be deemed to be securities under federal and state securities laws. As a result, Roswell Holdings takes steps to assure that its issuance of promissory notes to the Sub-Lenders satisfies the requirements for an exempt transaction under Rule 506 of SEC Regulation D, and corresponding state exemptions from securities registration requirements.

**Clients are advised Roswell Holdings is no longer offering new loans or soliciting new business since 2009. The goal is to eventually dissolve and close out Roswell Holdings.**

Capital Accounting & Tax, Inc. is a sister company to Wela and offers accounting and tax services. Selwyn L. “Buck” Small and Howard P. “Woody” Alpern are certified public accountants and may offer accounting services and tax preparation services. Howard P. “Woody” Alpern offers tax services through Capital Accounting & Tax, Inc. The accounting business is not a principal business. You are under no obligation to participate in accounting services through the aforementioned individuals. However, if you engage Mr. Small or Mr. Alpern for accounting services fees may be charged for such services in addition to any advisory fees paid to Wela.

#### **Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Wela and its associated persons may buy or sell securities identical to those securities recommended to you. Therefore, Wela and/or its associated persons may have an interest or position in certain securities that are also recommended and bought or sold to you. Wela and its associated persons will not put their interests before your interest. Wela and its associated persons may not trade ahead of you or trade in such a way to obtain a better price for themselves than for you or other clients. Transactions conducted for Wela, its principals, its pension and profit sharing plan, its employees and immediate family members are conducted in a way to ensure they do not obtain a better price that was obtained for a client.

Wela is required to maintain a list of all securities holdings for its associated persons and has developed procedures to supervise the trading activities of associated persons who have knowledge of your transactions and their related family accounts at least quarterly. Further, associated persons are prohibited from trading on non-public information or sharing such information.

You have the right to decline any investment recommendation. Wela and its associated persons are required to conduct their securities and investment advisory business in accordance with all applicable Federal and State securities regulations.

### **Code Of Ethics**

Wela has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. Wela takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as Wela's policies and procedures. Further, Wela strives to handle your non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provides you with Wela's Privacy Policy. As such, Wela maintains a code of ethics for its Advisory Representatives, supervised persons and staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, Wela's Code of Ethics establishes Wela's expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.

### **Item 12 - Brokerage Practices**

Wela has entered into a relationship with Schwab Advisor Services (formerly Schwab Institutional) ("Schwab"), National Financial Services, LLC and Fidelity Brokerage Services, LLC (together referred to as "Fidelity") to participate in the Fidelity Institutional Wealth Services ("FIWS") platform, and TD Ameritrade Institutional. Wela recommends you establish an account with Charles Schwab, Fidelity Investments or TD Ameritrade for custodian and brokerage services.

Schwab, Fidelity and TD Ameritrade provide custody, execution, and clearance and settlement services for stocks, bonds, mutual funds, and other securities held at Schwab, Fidelity or TD Ameritrade. Wela is independently owned and operated and not affiliated with Schwab, Fidelity or TD Ameritrade.

You are under no obligation to utilize the services of Schwab, Fidelity or TD Ameritrade. While Wela recommends you use Schwab, Fidelity or TD Ameritrade as custodian/broker, you will decide whether to do so and will open your account with Schwab, Fidelity or TD Ameritrade by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. You are advised you may maintain accounts at another broker/dealer. However, in order for Wela to effectively provide its management services to you, the broker/dealer you select must provide Wela access to its trading platform and provide duplicate statements and confirmations. Further, you are advised if you select another broker/dealer, Wela may not be able to

achieve the most favorable execution of your transactions. Trading costs and account maintenance may be higher than what is available through Schwab, Fidelity or TD Ameritrade.

Qualified plans offering the Wela models as an investment option will be maintained at a custodian selected by the qualified plan.

#### *How We Select Brokers/Custodians*

In initially selecting Schwab, Fidelity & TD Ameritrade, Wela seeks to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us from Schwab, Fidelity & TD Ameritrade.”)

#### *Your Brokerage and Custody Costs*

For our clients’ accounts that Schwab, Fidelity and TD Ameritrade maintain, Schwab, Fidelity and TD Ameritrade generally do not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that they execute or settle into your account. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab, Fidelity or TD Ameritrade charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab, Fidelity or TD Ameritrade execute most trades for your account. We have determined that having Schwab, Fidelity or TD Ameritrade execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How We Select Brokers/Custodians”).

*Products and Services Available to Wela from Schwab, Fidelity and TD Ameritrade*

Schwab, Fidelity and TD Ameritrade provide Wela and our clients with access to its institutional brokerage trading, custody, reporting, and related services many of which are not typically available to retail customers. Schwab, Fidelity and TD Ameritrade also make available various support services. Some of those services help us manage or administer our clients' accounts; while others help us manage and grow our business.

Following is a more detailed description of support services:

*Services That Benefit You.* Schwab's, Fidelity's and TD Ameritrade's services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab, Fidelity and TD Ameritrade include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's, Fidelity's and TD Ameritrade's services described in this paragraph generally benefit you and your account.

*Services That May Not Directly Benefit You.* Schwab, Fidelity and TD Ameritrade also makes available to Wela other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, either Schwab's, Fidelity's or TD Ameritrade's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab, Fidelity or TD Ameritrade. In addition to investment research, Schwab, Fidelity and TD Ameritrade also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back office functions, recordkeeping, and client reporting

*Services That Generally Benefit Only Us.* Schwab, Fidelity and TD Ameritrade also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab, Fidelity and TD Ameritrade may provide some of these services itself. In other cases, they will arrange for third-party vendors to provide the services to us. Schwab, Fidelity and TD Ameritrade may also discount or waive fees for some of these services or pay all or a part of a third

party's fees. Schwab, Fidelity and TD Ameritrade may also provide us with other benefits, such as occasional business entertainment of our personnel.

You are advised there is an incentive for Wela and the Advisory Representatives to recommend a broker/dealer over another based on the products and services that will be received rather than your best interest.

#### Schwab – Additional Information

Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. Wela and its affiliated company (Capital Investment Advisors, LLC) have more than \$500 million of its clients' assets custodied at Schwab. Consequently, we do not believe we have an incentive to direct clients to maintain assets at a particular custodian. We believe that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "*How We Select Brokers/Custodians*") and not Schwab's services that benefit only us. We have over \$10 million in client assets under management, and we do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

From time-to-time Wela may make an error in submitting a trade order on your behalf. When this occurs, Wela may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account and Charles Schwab & Co. Inc. ("Schwab") is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, Wela will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

Wela may aggregate ("block") transactions in the same security on behalf of more than one client in an effort to strive for best execution and to possibly reduce the price per share and/or other costs to clients. However, aggregated or blocked orders will not reduce the transaction costs to participating clients. Wela conducts aggregated transactions in a manner designed to ensure that no participating client is favored over another client. Participating clients will obtain the average share price per share for the security executed that day. To the extent the aggregated order is not filled in its entirety and when possible, securities purchased or sold in an aggregated transaction will be allocated pro-

rate to the participating client accounts in proportion to the size of the orders placed for each account. Under certain circumstances, the amount of securities maybe increased or decreased to avoid holding odd-lot or a small number of shares for particular clients. Typically, blocked trading is conducted when Wela is implementing an investment decision to buy or sell a security across all or multiple accounts.



### **Item 13 - Review of Accounts**

Wela is continuously reviewing the holdings in the model portfolios. Wela will determine if any adjustments are warranted given Wela's evaluation of the market. Wela has an investment committee that meets on a bi-weekly basis. The investment committee is reviewing and evaluating securities holdings in model portfolios and market events. On a monthly basis Wela screens and updates information on managed portfolio holdings. Wela will monitor for changes or shifts in the economy, performance of the holding, changes that are or may impact the securities in which you are invested, and market shifts and corrections.

If you are working directly with a Wela Advisory Representative, you will be invited to participate in at least an annual review. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. You are advised that you must notify Wela promptly of any changes to your financial goals, objectives or financial situation as such changes may require a review of your portfolio allocation and make recommendations for changes.

If you have been referred to Wela by another investment adviser, it is recommended you meet with your investment adviser at least annually. Unless you specifically request a meeting with Wela, Wela will not conduct annual reviews of your managed account(s). You are advised that you must notify your investment adviser promptly of any changes to your financial goals, objectives or financial situation. Such changes may require revisions to the model portfolio most suitable to your situation..

You will be provided statements at least quarterly direct from the account custodian. Additionally, you will receive confirmations of all transactions occurring direct from the account custodian.

### **Item 14 - Client Referrals and Other Compensation**

Wela may enter into arrangements with other investment advisers ("Soliciting IA") to offer its management services to clients of the investment adviser. Soliciting IA will refer its clients who may be a candidate for Wela's management services to Wela. In return, Wela will agree to share a portion of its management fee with the Soliciting IA if the client engages Wela. Compensation to the Soliciting IA is dependent on the client entering into an agreement with Wela for management services. Compensation to the Soliciting IA will be an agreed upon percentage of Wela's advisory fee. Wela's referral program is in compliance with the federal regulations as set out in 17 CFR Section 275.206(4)-3. The solicitation/referral fee is paid pursuant to a written agreement retained by both the investment adviser and the Soliciting IA. The Soliciting IA will be required to provide the client with a copy of Wela's Disclosure Brochure and a Solicitor Disclosure brochure prior to or at the time of entering into any investment advisory contract with Wela. The Soliciting IA is not permitted to offer clients any investment advice on behalf of Wela. A referred client's advisory fee will not be increased as a result of compensation being shared with Solicitor.

Wela receives an economic benefit from Schwab, Fidelity and TD Ameritrade in the form of the support products and services they make available to us and other independent investment advisors whose clients maintain their accounts at Schwab, Fidelity or TD Ameritrade. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – *Brokerage Practices*). The availability to us of Schwab's, Fidelity's and TD Ameritrades products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

You are advised your Advisory Representative has an interest in the fee charged to you since Wela will pay a portion of the advisory fee to your Advisory Representative.

### **Item 15 - Custody**

With the exception of deduction of Wela's advisory fees from your accounts, Wela does not take custody of your funds or securities.

### **Item 16 - Investment Discretion**

You may grant Wela authorization to manage your account on a discretionary basis. You will grant such authority to Wela by execution of the advisory agreement. You may terminate discretionary authorization at any time upon receipt of written notice by Wela.

Additionally, you are advised that:

- 1) You may set parameters with respect to when account should be rebalanced and set trading restrictions or limitations;
- 2) Your written consent is required to establish any mutual fund, variable annuity, or brokerage account;
- 3) With the exception of deduction of Wela's advisory fees from the account, if you have authorized automatic deductions, Wela will not have the ability to withdraw your funds or securities from the account.

### **Item 17 - Voting Client Securities**

Wela will vote your securities proxies on your behalf solely in your best interest. Wela will consider only those factors that relate to your investment, including how its vote will economically impact and affect the value of your investment. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Proxy votes generally will be cast against proposals having the opposite effect. In voting on each and every issue, Wela and its supervised persons shall vote in a prudent and diligent fashion and only after a careful evaluation of the issue presented on the ballot.

## Wela Strategies, LLC

Should you have specific guidelines you want Wela to follow when voting your proxies that are different from what is stated above, you are requested to provide your preferences in writing.

As a general rule, Wela votes with management recommendations unless Wela feels that the management does not reflect the views of Wela. If the board implements a recommendation that Wela does not feel is in your best interest, the investment committee will discuss the board's actions and determine whether that holding should be removed from your portfolio

You may view a list of proxies voted, the date Wela voted the proxy, and how Wela voted the proxy at any time upon request.

### **Item 18 - Financial Information**

Wela will not require you to prepay any fee in advance of receiving the service.

### **Item 19 - Requirements for State Registered Advisers**

This section is not applicable to Wela. Wela is not state registered. Wela is registered with the Securities and Exchange Commission.